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Provisional summary record of the 24th meeting
Held at Headquarters, New York, on Tuesday, 12 July 2005, at 10 a.m.

President: Mr. Moncayo (Vice-President) ..... (Ecuador)

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In the absence of the President, Mr. Moncayo (Ecuador), Vice-President, took the Chair.

The meeting was called to order at 10.20 a.m.

Operational activities of the United Nations for international development cooperation (*continued*)

(a) Follow-up to policy recommendations of the General Assembly and the Council (A/60/74-E/2005/57, A/60/83-E/2005/72, E/2005/58, E/2005/CRP.1 and E/2005/L.16)

(c) South-South cooperation for development (A/60/39)

1. **Mr. Civili** (Assistant Secretary-General for Policy Coordination and Inter-Agency Affairs, Department of Economic and Social Affairs), introducing the report "Management process for the implementation of General Assembly resolution 59/250 on the triennial comprehensive policy review of operational activities for development of the United Nations system" (E/2005/58), said that the outcome of the review was especially important in the vision it had set forth and the guidance it had provided. The outcome had addressed both policy and process in a balanced, complete, yet focused way, illustrating the type of leadership that the United Nations intergovernmental processes should exercise in the wider system. The balance and sensitivity to the system-wide setting of the policy review and its approach to operational activities not as an end in themselves but as a key dimension in efforts to support countries in meeting the Millennium Development Goals were two basic features of the resolution that were serving to maximize its impact on the system.

2. The report on the management process sought to set out a framework for actions that the United Nations system intended to take over the next three years to follow up on the resolution, including specific targets, benchmarks and time frames for implementation. The system's capacity to respond adequately and effectively to the demands of countries for development support would hinge on its ability to make progress in further integrating its activities with national plans and priorities while enhancing system-wide coherence, strengthening partnership with recipient countries and supporting national capacity development, and finding ways to ensure that developing countries benefited from the whole range of services and knowledge available in the United Nations system. The initiatives outlined had as a common denominator a renewed effort to enhance the relevance, coherence and effectiveness of the United Nations development system. Improved performance, however, depended on enhancing the predictability, stability and reliability of funding for development cooperation.

3. Turning to the report of the Secretary-General on funding options and modalities for financing operational activities for development of the United Nations system (A/60/83-E/2005/72), he said that its central messages were that modalities did matter, and that there were no easy solutions, yet real change was essential. Political will in devising new solutions was of the essence. Donor policies showed imagination, but they still focused largely on modalities of bilateral cooperation. The system need not be a passive actor in the process. It could help by exploring ways to overcome the fragmentation inherent in its decentralized structures, introduce new, broad-based approaches to programming and better project the results that development cooperation through the United Nations system was uniquely suited to produce. The current situation, where voluntary contributions for financing development cooperation were, for all practical purposes, determined once all legal and negotiated obligations had been settled, was untenable, or at least inconsistent with the central role envisaged for the system. The outcome of the summit meeting in September should generate new momentum for addressing that problem.

4. The third report, on comprehensive statistical data on operational activities for development for 2003 (A/60/74-E/2005/57), had been requested in General Assembly resolution 59/250. An effort had been made to present both contributions to and expenditures by the United Nations development system from a multi-year perspective that highlighted the significance of certain global trends, particularly relating to core resources. Also, for the first time a comparative analysis of data relating to operational activities of the United Nations development system and other forms of development cooperation had been introduced, with the aim of preparing the ground for the debate in the Economic and Social Council in 2006 on funding for development cooperation, as required in paragraph 23 of the resolution.

5. **Mr. Zhou** Yiping (Director, Special Unit for South-South Cooperation, United Nations Development Programme (UNDP)), introducing the report of the High-level Committee on South-South Cooperation (A/60/39), said that the High-level Committee had observed that South-South cooperation had progressed dramatically in the past two years in all aspects. Despite a number of challenges, profound technological, economic and political changes in the global South had provided greater opportunities for increasing South-South cooperation towards the internationally agreed development goals, especially those contained in the Millennium Declaration.

6. There was renewed political will on the part of the international community for applying South-South solutions to a wide range of development challenges, including access to affordable medicines and low-cost technologies badly needed by developing countries. That renewed political will was complemented by an encouraging trend towards the formation of broader partnerships among non-traditional actors. Many emerging economies in the South were breaking new ground through the formation of large-scale South-South multi-partner initiatives, for example the Team Nine Initiative of India for Africa. Increased intra-South trade and investment flows also characterized South-South cooperation, largely in the context of regional trade agreements. Small and large developing countries alike recognized that they needed regional solidarity to face a world of unequal players. The challenge was for countries which had profited the most from South-South trade to do their part to help those left behind, especially the least developed countries, landlocked developing countries and small island developing States.

7. It was particularly encouraging that Canada, the European Union, Japan, the United States of America and almost all the Nordic countries had played a very important role in supporting an innovative form of South-South cooperation known as triangular cooperation. Members of the Organization for Economic Cooperation and Development (OECD) and the Development Assistance Committee (DAC) had taken innovative steps to work more closely with emerging economies. Almost all United Nations organizations and agencies had made efforts to mainstream South-South cooperation in their regular work. It could become a collaborative arena for regional groupings to invest in infrastructure and other initiatives that individual countries could not undertake on their own. South-South cooperation had vast potential to lift developing countries out of poverty and contribute to the achievement of the Millennium Development Goals.

8. Two significant events had taken place just after the recent session of the High-level Committee that were bound to have a significant impact on South-South cooperation. The first was the summit meeting of the heads of State and Government of the Group of 77 and China, where concrete commitments to advance the course of South-South development cooperation were made. The second was the summit meeting of the group of eight major industrialized countries, where the leaders had clearly recognized the significant contribution such cooperation could make to Africa's efforts to meet the Goals. The Council should take those recent developments as new impetus to strengthen further the role of South-South cooperation in operational activities for development.

9. **Ms. Mills** (Jamaica), speaking on behalf of the Group of 77 and China, said that it was critical to reaffirm the fundamental characteristics of the operational activities of the United Nations system — their universality, voluntary and grant nature — as well as the principles of neutrality, objectivity and multilateralism which should guide United Nations operations. The system must be able to respond in a flexible manner to the specific development needs of recipient countries, while ensuring national ownership and leadership in the design and implementation of programmes. Ensuring congruence among policies at various levels took on particular importance in the preparations for the high-level plenary meeting at the sixtieth session of the General Assembly. Pursuing a comprehensive, integrated and multidimensional approach to development, as embodied in the Goals, increased the potential for meaningful progress and tangible results. Accordingly, special attention must be paid to promoting an integrated approach to development cooperation and ensuring that the policy directives formulated in the triennial comprehensive policy review were appropriately implemented on a system-wide basis.

10. The reports before the Council, while noting some positive trends in the levels of official development assistance and the total value of contributions received by the United Nations system for development cooperation, pointed to the need for

more funds with greater predictability and long-term stability. The Group of 77 and China noted with concern that core resources had not grown significantly over the period 1996 to 2003, although there continued to be significant increases in supplementary funding. The report on funding modalities (E/2005/72) drew attention to the fact that the lack of sufficient core resources for both administration and programme development represented the single most important constraint on the performance of development entities.

11. The continued decrease in core resources jeopardized the long-term viability of operational activities for development and endangered the ability of the United Nations system to respond to the new demands of the twenty-first century. Continued reliance on non-core funding limited the extent to which resources could be allocated according to national priorities, and it augmented prospects for a piecemeal approach to development. It also brought with it the potential for competition for core and non-core resources which had serious implications for development funding.

12. The Group of 77 and China was equally concerned about the prospects for the future, especially with the increasing focus on improving security at the country level. While every effort should be made to ensure the safety and security of United Nations personnel, such undertakings should not be to the detriment of funds that would otherwise be allocated for development purposes.

13. The ultimate test of the simplification and harmonization process lay not in the procedures, but in the extent to which meaningful and tangible results could be realized at the country level, in order to maintain the credibility of the multilateral system. It was expected that the resulting efficiencies would increase resources at the country level, including through the elimination of bureaucratic costs.

14. Operational activities for development must take into account the need to promote national capacity-building in developing countries. Against that background, more concrete and specific targets and benchmarks than those contained in document E/2005/58 were needed. The Group of 77 and China would like to see specific targets and benchmarks, inter alia, on the role of the United Nations development system in promoting national capacity-building, the use of national execution and expertise, ensuring the promotion and transfer of new and emerging technologies to developing countries, increasing system-wide capacity in support of recipient countries and facilitating their access to the full range of services and experience available through the United Nations system.

15. The Group of 77 and China also attached signal importance to the work of the High-level Committee on South-South Cooperation and hoped that the decisions of its most recent session would be implemented.

16. **Sir Jones Parry** (United Kingdom), speaking on behalf of the European Union, the acceding countries Bulgaria and Romania, the candidate countries Turkey and Croatia, the countries of the Stabilization and Association Process and potential candidate Serbia and Montenegro, as well as Ukraine and the Republic of Moldova, said that in a matter of months, heads of State and Government would review progress towards the commitments in the Millennium Declaration and the outcomes of the major conferences and summits. While many facets of reform were being discussed, few were more important to the people of developing countries than those of the United Nations development system; hence the importance of the triennial comprehensive policy review.

17. The European Union considered that, at the country level, the United Nations should operate as one team under the leadership of the Resident Coordinator. The United Nations Development Assistance Framework (UNDAF) should be the mechanism for alignment with national strategies and the UNDAF results matrix should provide the means by which its contribution to those strategies could be evaluated. The report of the Secretary-General on the management process (E/2005/58) was a helpful first step in understanding how the development system was advancing such important agendas as capacity-building and reform efforts. The European Union would like to see responsibilities for action clearly allocated and benchmarks and time frames better defined. It encouraged the Chief Executives Board (CEB) and the United Nations Development Group (UNDG) to be clear on each other's respective roles. It also attached great importance to the UNDG Executive Committee Programme of Work for 2005-2007 as contained in document E/2005/CRP.1, as it had to do with maximizing the cost efficiency of United Nations teams at the national level. The report on

comprehensive statistical data added a multi-year perspective, and the efforts to address methodological issues should be encouraged.

18. The European Union was committed to providing more and better development assistance for the achievement of the Millennium Development Goals. It also recognized that the United Nations development system had not benefited commensurately from recent increases in development assistance, and its stability had been weakened by the relatively unpredictable way it was financed. To take advantage of the opportunities provided by the changing aid environment, the members of the system must strive to play an effective role in the development architecture at the country level. Like other aspects of development, funding modalities must evolve to reflect changing times. The European Union remained committed to finding a more adequate, stable and predictable way of financing the system, including through raising its levels of core funding.

19. **Mr. Laurin** (Canada), speaking on behalf of Australia, Canada and New Zealand, expressed strong support for United Nations operational activities, for which the three countries provided significant amounts of core and non-core funding. That support reflected their recognition of the important role played by the United Nations system in development, and particularly in the advancement in all countries of the Millennium Development Goals.

20. Referring to the resolution on the triennial comprehensive policy review (TCPR) (A/RES/59/250), he said that its implementation would increase the system's capacity to contribute to the Goals, as well as promoting use of the UNDAF results matrix to monitor the system's performance at country level and hold its representatives accountable. It would also strengthen the resident coordinator system, which was much to be desired, as was the further development of South-South cooperation.

21. The TCPR process shared a number of features with the Paris Declaration on Aid Effectiveness, which the three countries likewise supported, in particular country ownership of development strategies, alignment of the United Nations system in support of those strategies, strengthening development capacity, harmonization and mutual accountability.

22. The Secretary-General's report on the TCPR management process (E/2005/58) was a good first step towards implementation but required more details on targets, benchmarks and time frames in order to allow a more quantitative analysis of progress, which should be incorporated into the report for the Council's 2006 session.

23. Turning to the Secretary-General's report on funding options and modalities (E/2005/57), he expressed support for the idea of a single United Nations "development product" at the global level, which was consistent with the need to strengthen the resident coordinator system and the CCA/UNDAF process.

24. **Mr. Nebenzia** (Russian Federation) concurred with the positive assessment made of the results of the TCPR process, as reflected in General Assembly resolution 59/250, which was the only basis for further steps to reform the operational activities of the United Nations. The task before the Council was to find the best ways of implementing the General Assembly's decisions.

25. The Russian Federation recognized the need to improve the quality of CCA and UNDAF, which should benefit from the analytical work already done at national level and involve all entities of the United Nations system. UNDAF should not, however, be transformed into a common country programme for all agencies.

26. The resident coordinator system should be strengthened through the provision of adequate financial support and improved selection and training of candidates. While their authority also needed to be increased, it should not infringe on that of the recipient Governments or lead to increased red tape.

27. Regarding the proposal to establish United Nations joint offices in at least 20 countries by the end of 2007, such offices should be reserved for countries with minimum United Nations presence. More transparency would be appreciated in that regard, especially since the effectiveness of joint offices remained to be proven.

28. He stressed the important role of the executive boards of operating agencies in respect both of joint country programmes and of cost recovery principles.

29. His country fully supported the strengthening of regional and subregional cooperation within the United Nations development system, with more active involvement of specialized agencies and regional

commissions having little or no country-level representation. The regional commissions, in particular, could significantly enhance the efficiency and cost-effectiveness of the system's development work.

30. Lastly, new funding options for operational activities should not change the voluntary nature of such funding, which enabled it to be non-political. That was one of the main comparative advantages of United Nations action.

31. **Mr. Raubenheimer** (South Africa), after associating himself with the statement made by Jamaica on behalf of the Group of 77 and China, stressed the importance of the continued alignment of the United Nations development system with each country's national development priorities, with a view in particular to poverty eradication and sustainable development.

32. He welcomed the proposed management process for implementation of General Assembly resolution 59/250. The interaction and cooperation within the United Nations system that lay behind the elaboration of that process could also be instrumental in ensuring the best possible use of resources for the effective development of countries.

33. He expressed satisfaction with the measuring and benchmarking of critical performance areas, which would make for greater transparency and accountability of the United Nations development system. He joined in expressing concern about the fact that no commensurate benefit had accrued to the system from recent increases in official development assistance, as welcome as such increases were. New funding modalities for the system needed to be given continued consideration.

34. It was also critical that the coherence of the United Nations system be strengthened at country level, in particular through an enhanced resident coordinator system. Moreover, for achievement of the Goals, it was essential that there be an effective partnership between countries and United Nations development agencies, but also with other Member States, regional organizations, non-governmental organizations, civil society and the private sector, under national leadership.

35. In the context of Africa especially, greater and more systematic consideration had to be given to the regional and subregional dimensions of development cooperation as well as to the promotion of intra- and inter-regional cooperation, while the United Nations should mainstream modalities in support of South-South cooperation.

36. **Mr. Chave** (Observer for Switzerland), after expressing his country's full support for the TCPR process, concurred that the full range of competencies of all the specialized agencies should be represented within United Nations country teams. The system was fragmented, however, in terms of both governance and operational approaches, owing to vested interests. Switzerland encouraged the United Nations Development Group to lead the way in introducing the necessary reform of the United Nations operational entities and called on the Chief Executives Board to demonstrate a renewed sense of common commitment to that end.

37. He expressed regret that the TCPR resolution did not formally acknowledge the need for the Resident Coordinator to be able to exercise full authority over the United Nations country team and called on the United Nations Development Group's Executive Committees to take the necessary corrective action.

38. He expressed concern about the lack of consensus among donors on the paramount importance of core funding. If it were not available at adequate levels, the United Nations funds and programmes would not be able to rely on consistent and top-quality in-house technical competence, which was necessary in turn in order to improve the coherence of their operational activities.

39. Finally, Switzerland supported the call made in the resolution for a focus on capacity-building and institutional strengthening by the operational system, which should take further decisive steps away from technical cooperation towards strengthening the capacities and institutions of recipient countries.

40. **Mr. Gopinathan** (India) associated himself with the statement made by Jamaica on behalf of the Group of 77 and China and took up some of the key points contained in the Secretary-General's report on the management process (E/2005/58), noting that the 2004 review had come at an important juncture, on the eve of the five-year review of the implementation of the Millennium Declaration.

41. India agreed that constant efforts by all organizations of the system were required to ensure

that country-level operations were carried out for the benefit of recipient countries, at their request and in accordance with their own policies and priorities. In the area of capacity-building, he pointed out that the General Assembly encouraged all organizations of the United Nations development system to include reports on their activities in that area in their annual reports to their respective governing bodies, which was in line with the call made in the report for the fullest possible use to be made of available national expertise.

42. Recognizing that the strength of the system lay in its legitimacy, at the country level, as a neutral, objective and trusted partner for both recipient and donor countries, he emphasized that its effectiveness could only be assessed on the basis of the results achieved. The aim of strengthening the resident coordinator system should be enhanced coordination, avoidance of duplication and improved visibility of the United Nations at country level. At the same time, individual agencies needed to retain the flexibility to carry out their respective mandates. There should also be better coordination and cooperation between United Nations Houses.

43. A review of the impact of the reforms, not only of the financial savings thus made but also of the performance of agencies in the field, was a natural component of the reform process and should take into account the perspective of the smaller agencies.

44. On the question of non-traditional modalities of funding United Nations system's operational activities for development, there should be no compromise on such basic features as the multilateral, neutral, flexible, universal, voluntary and grant nature of such funding. The operational arm of the United Nations system should be strengthened by being provided with a stable, reliable, untied and adequate flow of resources so as to enable it to perform its proper role, while donor countries should strive to raise their official development assistance to 0.7 per cent of their GNP and thus join in a spirit of global partnership and solidarity with developing countries in the collective effort to achieve the Millennium Development Goals.

45. **Mr. Zhang** Yishan (China) said that General Assembly resolution 59/250 had provided the system's operational activities for development with a clear direction on such areas as funding, national capacity-building, simplification and harmonization, strengthening of the resident coordinator system and gender equality. He welcomed the progress made by the funds and programmes in those areas over the past six months and the gradual implementation of the tasks and targets specified in the resolution. The United Nations system played an important role in assisting developing countries with economic and social development, national capacity-building and poverty eradication. However, the steadily declining share of the system's resources in total development assistance was a matter for concern. The declining share of core resources in the overall contributions was also unwelcome at a time when developing countries' need for assistance was increasing. Non-core contributions were no substitute for core resources: operational activities should be based on adequate, long-term and predictable core resources. He therefore called on the United Nations development funds and programmes to redouble their efforts to mobilize resources and on developed countries to honour their commitments to increase their contributions to core resources.

46. An effective multi-year funding framework would contribute to predictable and steady growth in core resources for operational activities for development. His delegation looked forward to further analyses and recommendations in that regard, including concrete measures on how to realize the expected resource mobilization target specified in the framework. The idea of combining voluntary contributions with assessed contributions and negotiated replenishments merited further discussion, but the funding modality eventually selected must not increase the financial burden on the Governments of recipient countries.

47. South-South cooperation was an important complement to North-South cooperation and the United Nations should explore new ways to inject funds into that area of activity. China had established a more comprehensive and substantive form of cooperation with developing countries and was committed to the realizations of common development. As a developing country, it stood ready to join others in furthering South-South cooperation.

48. **Mr. Nsemi** (Congo) said that United Nations operational activities for development were crucial for countries such as the Congo, which considered the achievement of the Millennium Development Goals an imperative requiring collective and coordinated action. His delegation welcomed the Secretary-General's report on the management process for the

implementation of General Assembly resolution 59/250 (E/2005/58). The guidelines and measures proposed to align activities with national priorities and to improve the internal cohesion of the entire system were heading in the right direction. The guidelines on the concept of partnership, the role of the United Nations system and its capacity to contribute to development results would also help to strengthen the capacities of those agencies in providing much-needed services to developing countries. Combined with the reform process under way, the proposals would enhance the efficiency of the agencies by clearly defining their comparative advantages. Joint sessions of the boards of various funds and programmes were a useful forum for better coordination and complementarity.

49. The ongoing process to simplify and harmonize the use of common evaluation and assistance tools had also led to tangible results in the area of coordination and to coherence in the implementation of development activities. His delegation supported all such efforts, which contributed to the efficiency of the operational system by providing better services to recipient countries. Owing to the interaction between those tools, his Government had been able to formulate a national poverty reduction strategy aimed at achieving the Millennium Development Goals and had organized an agreement with the United Nations Development Programme (UNDP) and public administrations to study the national implementation modalities of the country programme for 2004-2007.

50. The 2005 session of the Executive Board of UNDP and UNFPA provided another opportunity to emphasize the need to guarantee the viability and predictability of financial resources for funds and programmes. The achievement of the Goals would become increasingly problematic for many developing countries, particularly in sub-Saharan Africa, without an increase in financial contributions to such United Nations development agencies.

51. **Ms. Asmady** (Indonesia) said that United Nations operational activities had helped strengthen Indonesia's capacity to eradicate poverty and pursue sustained economic growth and sustainable development. Her Government therefore supported the continued strengthening of those activities, as well as adherence to such principles as neutrality, objectivity and multilateralism. There was also a strong need for full implementation of the triennial comprehensive policy review to complement the effective pursuit of the Millennium Development Goals. The donor community must ensure that predictable, continuous, and assured funding was available unconditionally in future and that the legitimate development goals of recipient countries were taken into account.

52. The Secretary-General's report (E/2005/58) should incorporate specific benchmarks and time frames for capacity-building at the country level. In that respect, paragraph 32 of resolution 59/250 stressed the need for developing countries to have access to new and emerging technologies.

53. Leaders of both continents had agreed to establish the New Asian-African Strategic Partnership (NAASP) as a framework for partnership in the areas of political solidarity, economic cooperation and social-cultural relations. NAASP would promote practical, mutual cooperation in such areas as trade, investment and human resources with a view to establishing an enabling environment.

54. **Ms. Wadibia-Anyanwu** (Nigeria) said that operational activities were the vital catalyst for achieving the internationally agreed development goals. The Council must therefore play a credible and effective role in coordinating and providing guidance to the system at the country level, building on the policy orientations provided by the previous review with a view to enabling developing countries to achieve their development goals. Operational activities at the country level were essential for building and enhancing the capacities of national stakeholders and engaging them in a meaningful dialogue with the United Nations system. Since national ownership of development programmes and processes was the key to achieving sustainable development, the system should take an active role in building capacity in and transferring knowledge to developing countries.

55. The importance of ensuring the coherence, coordination and effectiveness of development activities should also be borne in mind when considering future Council reform at the September summit. Furthermore, the system's activities should remain neutral and multilateral in nature. They should be capable not only of sustaining the confidence and trust of donor and recipient countries but also of responding with flexibility to the national needs, priorities and circumstances of developing countries.

56. Her Government supported the call for adequate funding of the Organization's funds and programmes.

Since it was often the external debt burden which hampered her own country's efforts to provide the funds required, she welcomed the recent decision of the Group of Eight (G-8) to cancel the multilateral debts of 18 heavily indebted poor countries (HIPC) and, more importantly, the decision by the Paris Club to cancel 60 per cent of Nigeria's debt. However, the United Nations, in general, and the Council, in particular, needed to play a more proactive role to find a lasting and fair solution to the intractable international external debt crisis.

57. The United Nations Development Assistance Framework (UNDAF) had yet to ensure complementarity among United Nations agencies in Nigeria, owing to the lack of an implementation structure. Each programme had also seen a reduction in programme coverage, which was presumably a reflection of inadequate funding. To perform effectively, the funding of agencies needed to be assured, predictable and stable through the provision of core resources. Moreover, funds should be used primarily for programmes and projects rather than for implementation processes and every effort should be made to use local expertise in all aspects of operational activities in the field. Furthermore, the system must ensure that agencies were held accountable and responsible for their actions by means of clearly measurable indicators and targets. Above all, country teams should not exceed the legislative mandates of their operations. By adhering to the latter, agencies would enhance the credibility and legitimacy of United Nations operations at the country level.

58. The need for simplification and harmonization within the system could not be overstated. In that regard, the central objectives of streamlining complex rules and procedures should be intensified with a view to reducing transaction costs, improving financial and programme results and increasing the impact and sustainability of development interventions. In that connection, the four guiding principles that should be assured system-wide were government participation; a flexible country-by-country approach; a focus on national processes and systems; and the adoption of good practices underpinning the current reforms in the system.

59. **Ms. Low** (United States of America), welcoming the report by the Secretary-General (E/2005/58), said that the matrix in the report was a step forward in defining system-level actions and benchmarks to monitor and measure the implementation of resolution 59/250. The matrix should strike a proper balance between providing overall system-level guidance and prescribing specific actions for agencies or offices. It would not be practical or desirable for the General Assembly or the Council to provide detailed prescriptions for all operational activities. The proposal in the report regarding the appointment of UNDP country directors, while understandable in certain circumstances, warranted further discussion by the Chief Executives Board (CEB). Another point of concern was the recommendation that resident coordinators should concentrate on raising funds for the whole of the United Nations at the country level, which had been substantiated with reference to paragraph 61 of resolution 59/250. However, that was clearly not the intention of that paragraph.

60. The Secretary-General's report on funding options and modalities (A/60/83-E/2005/72) was useful for describing the different funding mechanism currently in use and for highlighting key trends. The emergence of new funding modalities outside the United Nations was a welcome development, and her delegation disagreed with the views stated in the report that, in response, the United Nations needed to develop new funding modalities. The correct response, as recognized in the review, was for the organization to realign its efforts and to place a greater emphasis on national capacity-building. Future discussions and reports on funding should analyse funding mechanisms with respect to their impact on the ground, and the key questions to raise would be whether existing and new funding mechanisms were contributing to the ultimate goal of ending aid dependency and whether development programmes included a time frame for their obsolescence once targets had been met.

61. While her delegation agreed that the United Nations was an important actor in the international development community, it did not support automatic funding for United Nations development activities. Funding for operational activities for development, as affirmed by resolution 59/250, should be voluntary. Her delegation opposed "voluntary indicative scale of contributions" or negotiated replenishment funding models. Experience had shown that the funding of agencies increased when they implemented results-oriented management, linked their goals and targets to funding in their strategic planning and demonstrated the achievement of results. The current voluntary

funding system was the best way to ensure accountability for results and the system was succeeding in increasing resources to support development. Collective attention should focus in future on ensuring that those development resources were used effectively.

62. **Mr. Nyamiobo** (Kenya) said that the United Nations development system's universality, multilateralism, neutrality and flexibility made the organization an impartial and reliable partner for developing countries. The grant nature of development support had also endeared the system to many developing countries. Those principles and characteristics should be preserved by increasing the quality and quantity of the core resources available to the system.

63. Funding of development cooperation was still low and depended on a small donor base. Meanwhile, current imbalances between core and non-core resources were undermining the system's mandates by making its programmes supply-driven rather than demand-driven. The dependence of most specialized agencies on voluntary funds, combined with the earmarking of those funds, negated the spirit of multilateralism and neutrality for development cooperation and militated against inter-agency coordination and collaboration. The need to review the funding modalities for operational activities could thus not be overemphasized: current annual voluntary funding had proven to be unstable and unpredictable, and a multi-year funding mechanism should therefore be adopted for the system. The proposal for negotiated replenishments in the Secretary-General's report (A/60/83-E/2005/72) was one funding alternative worth pursuing.

64. Cooperation and coordination were needed in the field and at Headquarters to address weaknesses caused by duplication and waste in the system. The strengthening of the resident coordinator system and the use of United Nations Houses, joint offices and common services should therefore be pursued vigorously. A comprehensive review of the United Nations field structure was needed to ensure the optimal and effective use of human resources at the national level.

65. Common country assessments (CCAs) and UNDAFs should continue to be aligned to the Millennium Development Goals, other internationally agreed goals and targets, national and regional priorities as well as development frameworks and initiatives to ensure effective participation and leadership by recipient Governments. In addition, the involvement of all United Nations agencies, international and regional financial institutions and regional commissions should be strengthened. Modalities also needed to be developed so that the inputs of funds, programmes and agencies without a presence in the field were incorporated into the system's work at the country level. Aligning the system's capacity with national needs and priorities would not only ensure its effectiveness but also enhance its relevance and conformity with respect to situations in recipient countries. National capacity and expertise should equally be enhanced to ensure the effectiveness of national governments.

66. Referring to the important link between relief and development, he emphasized that the response by development partners to humanitarian crises should incorporate long-term development support as well as strategies aimed at preventing such crises and promoting sustainable development.

67. **Mr. Shikhaliyev** (Republic of Azerbaijan) said that the policy review undertaken by the General Assembly at its fifty-ninth session had been instrumental in monitoring United Nations agency activities and their impact on development processes and in assessing the progress made in achieving the development goals. The envisaged reform of the United Nations system should enhance its efficiency and coherence. United Nations operational activities should be focused on the implementation of national development strategies, national capacity-building in pursuing sustainable economic growth, and poverty eradication.

68. The only way for the entire United Nations system to become actively involved in country-level operations was to improve inter-agency coordination. The CCA and the UNDAF processes would bring greater coherence to the system's operational activities for development. However, national ownership and the full participation of Governments in the preparation and development of the UNDAF process were needed to ensure that it responded to national development plans and poverty reduction strategies. It was equally important for the developed countries and relevant United Nations agencies to advance international cooperation in the field of technology transfer to

developing countries and countries with economies in transition.

69. While sustainable funding was vital to the increased efficiency of United Nations operational activities, the importance of country teams could not be overlooked. The efficiency of the country teams would be increased if their operational activities and contribution to national priorities were evaluated by Governments, rather than by the country teams themselves. Country-level representation of the United Nations agencies should be tailored to meet specific development objectives of recipient countries, particularly in the case of countries with special needs, such as landlocked developing countries.

70. Azerbaijan was firmly committed to achieving the Millennium Development Goals and had made progress in aligning them with its key economic strategies. To that end, the Government had prepared a State Programme on Poverty Reduction and Economic Development (SPPRED) for 2003-2005, with the assistance of the country team.

71. In May 2004, Azerbaijan had issued what was believed to be the world's first integrated report covering both the implementation of the country's PRSP/SPPRED and the progress made in achieving the global goals. Harmonized Millennium Development Goals, SPPRED and poverty/vulnerability monitoring systems had been established and were operating in compliance with international standards. The Government was currently working in collaboration with the country team on a new poverty reduction strategy for the period 2006-2015 called the "Sustainable Human Development Programme".

72. **Ms. Rodsmoen** (Observer for Norway) said that, while the report on the management process (E/2005/58) had presented concise targets and benchmarks for several areas, there were other policy review issues which needed further elaboration and refinement. Resolution 59/250 defined capacity-building as the core business of the United Nations development system. However, the discussions on capacity-building activities had been vague and general. The Council needed to specifically identify which activities it could contribute to most effectively.

73. Another challenge was that United Nations development actions had thus far been supply-based rather than demand-driven. Coordination in that area was insufficient, with too much tied aid and too many parallel structures. If the United Nations system was to serve as a kind of clearing house for capacity-building, it had to be able to put together a package to meet the recipient country's capacity requirements. It would also be easier for national Governments to relate to a coherent United Nations, instead of several separate agencies with competing proposals.

74. With respect to the harmonization agenda, the increased use of new modalities for aid delivery (budget support and sector-wide approaches) was expected to have an effect on the way donors funded the United Nations development system. One of the main goals of reorienting development assistance to the new modalities was to strengthen recipient countries' ownership, overview and control of their development assistance and to reduce the strain on their administrations. However, many developing countries lacked the capacity to attract the new aid modalities. Norway would like to see the United Nations funds and programmes pay greater attention to addressing such capacity constraints.

75. With regard to coherence and alignment, an aggregate system of development financing might allow better utilization of the United Nations system through a single financing framework. It would also increase United Nations coherency at the country level. It was agreed that measures should be taken to ensure greater predictability in the funding of the United Nations system. The Secretariat was encouraged to assess the possibility of more donors making multi-year pledges and to study the question of negotiated replenishments and indicative scales of contributions.

76. Norway appreciated the improvements in the current report on statistical data for operational activities (A/60/74-E/2005/57), especially with regard to data comparisons over time. However, more efficient reporting on humanitarian aid versus long-term development aid would be appreciated. Norway also believed that the United Nations agencies should include a commitment to reform in their incentive structures, with joint activities and collaborative efforts being properly rewarded. Without such incentives, reform efforts would be perceived as an additional burden, rather than an opportunity for the agencies to reposition themselves in a new aid environment.

77. In conclusion, Norway wished to see a stronger United Nations at the country level. More joint programmes, common services and simplified and

harmonized procedures would be welcome. A more unified United Nations would guarantee greater effective advocacy of the Millennium Development Goals and ensure a strengthened role for the United Nations in helping partner countries achieve the goals.

78. **Ms. Nieto** (Ecuador) said that the United Nations needed to show reliability in the management of its funds for operational development activities. Although cooperation on development had improved, regular financial contributions were needed to make actions more predictable. Indeed, the long-term achievement of the development goals was directly linked to the predictability of funds. Ecuador believed that donors expected simple financing mechanisms with clear objectives. Because the multi-year funding frameworks were based on planned, long-term objectives, they remained the best modality for both contributors and beneficiaries.

79. CCAs should contain an external component, so that the assessments would be fair and balanced. The analysis of the situation in Latin American middle-income countries revealed that the mobilization of resources through the United Nations system had been minimal, despite ample evidence of the region's specific needs. Although the general situation had improved, the region required more specific attention. Capacity-building was another area in which the United Nations could provide much-needed support.

80. Finally, Ecuador recognized the efforts undertaken by the funds and programmes to improve their work. The strengthening of the resident coordinator system would contribute greatly to the achievement of national development objectives.

81. **Mr. Khan** (Pakistan) said that the operational activities of the United Nations system played an important role in helping the developing countries achieve sustained economic growth and development. However, United Nations activities had to adapt to the specific needs and priorities of the recipient countries in order to enhance their institutional capacities and ensure full ownership of their development programmes. Special attention should be paid to promoting an integrated approach to development operations and to ensuring that policy directives were appropriately implemented on a system-wide basis.

82. Provision of adequate resources remained the most pressing challenge. Because resources had not grown significantly over the past seven years, important operational activities had been cut. Furthermore, the new donor trend had compelled the United Nations development agencies to alter their portfolios by adding new priorities which had been identified and funded separately by the donors. Neither the donors nor the governing bodies of the United Nations funds and programmes should be able to determine the areas of cooperation and assistance for recipient countries without prior consultation. Capacity-building in recipient countries was possible only if the United Nations organizations used national expertise and technologies to the fullest extent.

83. Pakistan had made Millennium Development Goal achievement a central part of its development policy. An agenda for health and human development was being implemented, and a broad-based PRSP strategy had been prepared to address the imbalances in the health sector. Pakistan had also taken a number of steps to promote and deliver gender empowerment. Finally, education had been adopted as one of the pillars of poverty reduction.

84. **Mr. Mertens** (World Health Organization) said that WHO had adopted a resolution (WHA resolution 58.25) on United Nations reform at its World Health Assembly in May 2005. Two other resolutions relating to reform had been adopted, one on the development goals and the other on maternal/child health.

85. As a specialized agency, the prime responsibility of WHO was to work together with the Member States on their needs and priorities. However, the Organization was very much in favour of system inclusiveness and was cooperating with the entire range of development partners, including the United Nations system, non-governmental organizations and civil society organizations. A joint approach to United Nations reform in particular was extremely important.

86. With respect to alignment and simplification versus alignment and harmonization, WHO was in favour of the latter approach. Finally, real change could be brought about if different coordination platforms, such as the ones used by the Chief Executives Board (CEB) and the United Nations Development Group (UNDG), were implemented.

87. **The President** said that the discussions had prepared the Council for future negotiations and had proved that the United Nations was not a static body. The Council was continually trying to strike a balance between the interests of the donors and the developing

countries. The United Nations was fortunate to have the opportunity to be self-critical and to be able to make an evaluation of the cooperation system, with a view to ensuring that the reforms and progress would help achieve the Charter goals and solve development issues. The delegations were urged to come to an agreement on the text of the draft resolution so that the Council could take action as soon as possible.

The meeting rose at 1.05 p.m.